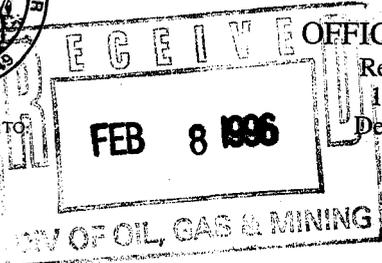


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United States Department of the Interior

IN REPLY REFER TO



OFFICE OF SURFACE MINING

Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

February 5, 1996

Mr. Ben Grimes
Cyprus Plateau Mining Corp.
P. O. Drawer PMC
Price, Utah 84501

*Copy Daron: AM
PRO/007/038 #2*

Dear Mr. Grimes:

I am responding to your letter dated February 1, 1995. You have indicated that at the Willow Creek Mine, coal mining operations would be conducted only on the fee lands to extract fee coal for the first 6 to 9 months. Your understanding that prior to conducting these operations you need to obtain permit from Utah Division of Oil, Gas and Mining (DOGM), is correct.

However, prior to conducting any operations to extract Federal leased coal in the area already permitted by DOGM, a Mining Plan would need to be approved by the Assistant Secretary, Land and Minerals Management in the U.S. Department of the Interior. In this respect, BLM Price Resource Area is preparing a NEPA compliance document for coal lease sale. OSM will be a cooperating agency in the preparation of this document for purposes of using the same NEPA compliance document in the Mining Plan approval decision package.

As you already know, BLM has yet to conduct Federal coal lease sale, and approve a resource recovery and protection plan submitted by the lessee. All these activities must occur before any Mining Plan would be approved by the Assistant Secretary.

Please let me know if you need additional information.

Sincerely yours,

Ranvir Singh

Ranvir Singh, P.E.
Program Support Division

cc: DFD-Marcia
UT DOGM-Pam Grubaugh-Littig)

UT-0071



Cyprus Plateau Mining Corporation
Post Office Drawer PMC
Price, Utah 84501
(801) 637-2875

February 1, 1996

Mr. Ron Singh
U.S. Department of The Interior
Office of Surface Mining, Reclamation and Enforcement

Faxed

96-02-05-03

Dear Mr. Singh,

RE: WILLOW CREEK MINE PERMIT REVIEW

Thank you for visiting us at the Willow Creek Mine to discuss the permit and see the site. You indicated that since the surface facilities area is on fee land and the coal to be mined for the first 6 to 9 months is fee coal that the OSM would not have to approve the MRP for Cyprus to start construction. The DOGM will need to approve the MRP obviously; we are anticipating approval by the end of March.

I understand that we would not be approved to mine Federal coal until the OSM approves the MRP.

In regards to the unleased Federal coal, we would not be allowed to mine it until the lease is successfully leased. A Resource Recovery and Protection Plan (R2P2) is being assembled including the new federal coal lease. The R2P2 will be submitted to the BLM very soon, and we anticipate approval by the BLM by the time the DOGM approves the MRP. We currently have an approved LMU for the federal coal already leased.

I would appreciate a written response verifying that OSM will not need to approve the MRP before we start construction.

Respectfully,

Ben Grimes
Sr. Staff Project Engineer

CC: Daron Haddock